

RE: GM/Henkel econ case study

Evison, Leah

Tue 6/3/2014 1:37 PM

To: Treat Suomi <tsuomi@skeo.com>; Bloom, Thomas <bloom.thomas@epa.gov>;

Cc: emarsh@skeo.com <emarsh@skeo.com>;

1 attachment (4 MB)

GMHenkel Case Study 102813.LHE EDIT..docx;

Here are edits that I and the State request. I think the formatting will still work, we kept it as brief as possible.

Sorry for the delay! Let me know if you have any questions.

Leah

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From: Treat Suomi [<mailto:tsuomi@skeo.com>]

Sent: Tuesday, May 13, 2014 5:51 PM

To: Evison, Leah; Bloom, Thomas

Cc: emarsh@skeo.com

Subject: GM/Henkel econ case study

Hi Leah and Tom -

Frank, from SRI at EPA HQ, wants to finalize the GM/ Henkel LEICS. Before we finalize it, we wanted to check back with you about the prior issues. We mentioned to Frank previously that during the time over which we were working on this case study, some issues in the region came up regarding vapor intrusion. We know that you received some VI data and determined that you needed to collect some additional data and do a bit more analysis. Since the last contract was reaching its end, everyone agreed to continue with the case study but that before finalizing and posting the case study we would heck back to see if it needed to be held or adjusted based on the findings of your VI work.

Is there an update on the situation? Do you think it might be possible to finalize and post the attached case study? Are there any changes that you think might be needed based on the VI work you have done?

Please let me know if you have any questions or would like to have a phone call to discuss things.

Sincerely,
Treat

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Reuse and the Benefit to Community General Mills/Henkel Corp. Superfund Site

Executive Summary

Cooperation among EPA, the Minnesota Pollution Control Agency (MPCA), General Mills (the site's responsible party) and subsequent property owners has resulted in the successful cleanup and reuse of the General Mills/Henkel Corp. Superfund site. However, cleanup actions continue at the site to address vapor intrusion into nearby buildings. After industrial operations ceased in 1985, a new owner purchased the property. The owner pursued a plan to support small businesses by renovating existing buildings and leasing them at competitive rates to startup companies. Since the 1990s, the facility, located near downtown Minneapolis, has been home to many small businesses, including a glass-blowing studio, a metal design studio, a specialty coffee distributor and a caterer. This case study explores the site's cleanup and reuse, illustrating the positive impacts of Superfund redevelopment in action.

Positive Impacts

- Fifteen buildings provide space for over 50 small businesses.
- The on-site businesses employ nearly 270 people, generate over \$16 million in annual sales and provide over \$12 million in annual income to the local community.
- Reuse of existing buildings and infrastructure meant new construction and demolition debris disposal were not required, minimizing potential environmental impacts.
- The estimated market value of the site property is about \$2 million.
- In 2013, the property generated over \$84,000 in local property tax revenues.



Figure 1: The site's location in Minneapolis, Hennepin County, Minnesota

Introduction

Superfund cleanup results in restored value to site properties and surrounding communities. Once a property is ready for reuse, it can revitalize a local economy with jobs, new businesses, tax revenues and local spending. This case study captures the on-site and community impacts of development at the General Mills/Henkel Corp. Superfund site.

The 7-acre site is located at 2010 East Hennepin Avenue in northeast Minneapolis, Minnesota. Neighborhoods along with light industrial and commercial areas surround the site. Downtown Minneapolis and the Mississippi River are about 2.5 miles to the west.



Figure 2: Downtown Minneapolis

Site History

General Mills conducted food research at the site from 1930 until 1947. At that time, the company began performing chemical research. Workers dumped 1,000 gallons of solvents in an absorption pit each year until 1962, resulting in volatile organic compound (VOC) contamination. The pit included a series of three stacked, perforated 55-gallon drums buried about 10 to 12 feet below the surface. General Mills investigated the soil absorption pit in 1981. The company reported to MPCA that VOCs and several other byproducts from food and chemical research processes contaminated area soils and ground water. General Mills sold the property to the Henkel Corporation in 1980. In September 1984, EPA placed the site on the Superfund program's National Priorities List (NPL). Henkel Corporation continued manufacturing operations there until 1985.



Figure 3: Aerial view of the site

Property Cleanup and Transformation

General Mills led and funded the cleanup, with oversight provided by MPCA. The site's responsible party addressed soil contamination by removing drums and piping from the absorption pit in 1981, prior to the site's NPL listing. Ground water cleanup began in 1985. MPCA approved a cleanup plan that involved pumping, treating and discharging ground water into the Minneapolis storm sewer system. General Mills designed the pump-out system to make sure contamination would not migrate further through the underground aquifer. During ground water treatment, the Henkel Corporation also conducted asbestos abatement for on-site buildings.

~~While ground water contamination remains, concentrations continue to decline over time. General Mills monitors ground water annually, with oversight provided by MPCA.~~

Once the ground water treatment system was in place, the site could safely support reuse. After the Henkel Corporation put the property on the market, it eventually sold at auction to B.B.D. Holdings, a real estate investment group, around 1990. B.B.D. Holdings could have torn down on-site facilities located throughout the property. Instead, the group focused on the opportunity to reuse on-site facilities as a campus for small

businesses. In particular, the property's extensive electrical infrastructure meant that it was well suited for a wide range of different business needs.

B.B.D. Holdings renovated the buildings to host office and commercial space as well as research and laboratory facilities. Following renovations, tenants began leasing available units and buildings. The owner advertised the property as the location of a business enterprise development program, or "business incubator," supporting the creation and growth of small businesses. Several incentives attracted tenants, including competitive lease rates, 24-hour access, and management and maintenance services. The property's electrical infrastructure and central location in the heart of Minneapolis were also important factors.

In August 2012, B.B.D. Holdings sold the property and buildings to the real estate company First & First LLC. The new owner has maintained the focus on small business development. The company also enrolled the property in MPCA's Voluntary Investigation and Cleanup (VIC) program to address any potential future liability issues.

Beginning in 2013, with oversight provided by MPCA, General Mills began installing vapor mitigation systems for affected buildings. The work will be complete in 2014.

Local Impacts

Today, over 50 businesses employ nearly 270 people at 2010 East Hennepin Avenue. The businesses – most of them small enterprises – generate over \$16 million in annual sales and provide about \$12 million in employment income to the community. Their growth shows how small businesses can provide local, regional and national impacts. These businesses provide a range of employment opportunities and help drive innovation.¹ More of the money spent at these businesses stays in the community. In addition, small businesses are often highly involved in their communities and various charities.² Following are highlights of some of the small businesses and other organizations located at the site.

B&W Specialty Coffee Company



Figure 4: Buildings in the 2010 East Hennepin Complex

¹ Rebecca O. Bagley. (May 5, 2012). "Small Businesses = Big Impact." *Forbes*. www.forbes.com/sites/rebeccabagley/2012/05/15/small-businesses-big-impact.

² Institute for Local Self-Reliance. (September 2003). The Economic Impact of Locally Owned Business vs. Chains: A Case Study in Midcoast Maine. Prepared by Stacy Mitchell. www.ilsr.org/wp-content/uploads/files/midcoaststudy.pdf.

This coffee distribution company was one of the first businesses to lease commercial space. It employs 10 people and provides an estimated \$740,000 in annual employment income. The company sells coffee and brewing equipment, and installs and maintains in-home espresso machines. It also supports local fundraisers and sponsors community brewing events.



Figure 5: Businesses operating at 2010 East Hennepin

FOCI – Minnesota Center for Glass Arts

FOCI – Minnesota Center for Glass Arts (MCGA) is a nonprofit educational glass studio and education center. The organization offers glassblowing classes, including glass kiln casting, sand casting, fusing and stained glass making. FOCI – MCGA employs two people and provides an estimated \$76,000 in annual employment income. FOCI Studio, located in the same building, offers workspace for artists and showcases projects completed at FOCI – MCGA. FOCI Studio employs two people and provides an estimated \$225,000 in annual employment income.

B.T. McElrath Chocolatier

This family-owned chocolatier opened in 1996. The company now employs 10 people and provides an estimated \$224,000 in annual employment income. It has won numerous awards for its products and was named one of the top 20 artisanal chocolate makers in the United States by *Chocolatier Magazine*.

Minnesota Independent Living Services

Minnesota Independent Living Services Inc. (MILS) is a state-licensed Class A Professional Home Care Agency. MILS offers patients home health aide and home management activities, including housekeeping, meal preparation and medication services. MILS employs 115 people and provides an estimated \$2.7 million in annual employment income.

The DECO Catering

This caterer has been in business for over 28 years, serving at more than 10,000 events. The company caters weddings, corporate events and other special occasions. The DECO Catering typically caters to one or two events per day. The business employs 20 people and provides an estimated \$370,000 in annual employment income.

Marlaine Cox Metalworks

Environmental Benefits of Building Reuse

Compared with demolishing existing buildings and putting in new ones, the reuse of existing structures can have significant environmental benefits:

- Fewer materials used and less waste shipped to landfills.
- Fewer carbon dioxide emissions produced during demolition and waste removal, retrieval of new materials, and transportation of new materials.

Source: Preservation Green Lab²

³ National Trust for Historic Preservation. (2011). The Greenest Building: Quantifying the Environmental Value of Building Reuse. Prepared by Preservation Green Lab. www.preservationnation.org/information-center/sustainable-communities/green-lab/lca/The_Greenest_Building_lowres.pdf.



Marlaire Cox began running her metal shop and design studio in 2001. She has worked with metal for over 15 years and also works as a production welder and provides technical support to other sculptors. Her business



Figure 6: More businesses operating at the complex

currently employs three people and provides an estimated \$137,000 in annual employment income.

DIPSTIX

This business specializes in custom seasoning blends for dip mixes. Open for more than 16 years, DIPSTIX employs five people and provides an estimated \$620,000 in annual employment income.

Nu Vue Studio

This art studio opened in 1998; it provides vintage-style greeting cards and other materials to the wholesale market. It employs three people and provides an estimated \$92,000 in annual employment income.

Property Value and Tax Revenue Impacts

In 2013, the site, located on a single property parcel, generated \$84,000 in property taxes for Hennepin County. The total county-estimated value of the property in 2012, including redevelopment improvements, was \$2 million. On-site businesses that produce retail sales and services also generate tax revenues through the collection of sales taxes, which support state and local governments.⁴

Conclusion

Cooperation among EPA, MPCA, General Mills and subsequent property owners has led to the cleanup and reuse of the General Mills/Henkel Corp. Superfund site. [Cleanup actions continue at the site to address vapor intrusion.](#) Real estate investment group B.B.D. Holdings' decision to reuse existing buildings and infrastructure provided environmental benefits and spurred the success of the small-business incubator on site, supporting the growth of more than 50 businesses near downtown Minneapolis. Many of these businesses focus on design and the arts and add to the cultural vitality of the area. The businesses also provide local residents with jobs and employment income, and generate sales tax revenue that supports state and local governments. Following the sale of the property in 2012, current site owner First & First LLC, a real estate company, remains committed to the property's reuse. [EPA, MPCA and General Mills continue to work with the owner to ensure the protection of human health and the environment and enable small businesses to continue to thrive at 2010 East Hennepin Avenue.](#)

Commented [EL1]: EPA really has no role in this.

⁴ The combined sales tax rate in Minneapolis is 7.775 percent. This includes sales tax rates for the state, county, and the City of Minneapolis as well as for a regional transit improvement tax. For more information, see the Minnesota Department of Revenue: <http://www.revenue.state.mn.us/businesses/sut/Pages/SalesTaxCalculator.aspx>.



Figure 7: More businesses found at 2010 East Hennepin Avenue